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SUBJECT: MEDIA REACTION ON CAFTA, JULY 25, 2005

1. Editorial in San Pedro Sula-based liberal daily "Tiempo" on 7/23, titled "Reforms." "Despite President Bush's renewed efforts to obtain CAFTA-DR approval the picture is still not clear and the possibility of a set-back exists for the North American president."

"A similar situation seems to exist in Central America where 50% of the region hasn't yet ratified this commercial instrument and where the rejection of certain sectors persists."

"In the middle of this now arises an IMF warning that if the Central American countries want to take advantage of CAFTA-DR, they will have to make a lot of reforms, which is easy to say but harder to do."

"A single situation interferes with the Central American integration process that is at a standstill, not to say going backwards, precisely because the presidents' political will towards this is highly inconsistent and fragmented."

"This is evidence in that even Central American commercial development needs regional integration, and it would be a mistake to consider FTA as an integration instrument, such as some of the presidents believe. These commercial mechanisms can play an anti-integrationist role."

2. Editorial in San Pedro Sula-based liberal daily "La Prensa" entitled "In the Final Round." "The CAFTA-DR decision is in the final round, awaiting a debate in the House of Representatives in the upcoming week. The document passed the Senate but the most difficult test is still to come, despite a campaign by the White House and Hispanic organizations."

"The House of Representatives will start debating the agreement next Tuesday night. It will be a test for Washington on its leadership in world commercial negotiations."

"The White House maintains confidence that the undecided congressmen will favor the commercial treaty. Robert Portman, U.S. Trade Representative, said, 'We are getting to that.'"

3. Editorial in Tegucigalpa-based liberal daily "La Tribuna" entitled "CAFTA." "President Bush is again using the OAS as a forum to talk about CAFTA-DR ratification."

"Bush explained that CAFTA is 'pro-employment, pro-growth, and pro-democracy,' and he encouraged Hispanic leaders and Central American diplomats to intensify their negotiations with members of the North American Congress and make them understand that we 'cannot and should not reject these young democracies, because it is our obligation to support democracy in our neighborhood.'"

"CAFTA has an initial grace period for the region. There will be several years where our products will enter the North American market under favorable conditions. Once the grace period is over we have to compete on an equal level with North America. If the countries don't start the reform process to reach the required level of competitiveness, who knows if all these benefits will ever take root and we will remain disadvantaged? The countries that advance the furthest will be the ones that will make the most of the opportunities; the ones that don't will suffer the consequences."

Tuebner